



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Caliente Field Office

1400 S. Front Street; PO Box 237

Caliente, Nevada 89008-0237

http://www.blm.gov/nv/st/en/fo/ely_field_office.html



In Reply Refer To:
3160 (NVL03000)

Standard Operating Procedures (SOPs)

I. Required Notifications:

1. In any emergency situation, after hours authorizations may be obtained from the AO at the CFO.
2. The operator and any of its contractors, subcontractors, or other agents will contact the Authorized Officer (AO) at the Caliente Field Office (CFO) at least 48 hours prior to commencement of access and site construction or reclamation activities.
3. The operator will contact the Petroleum Engineer Technician (PET) at the Nevada State Office at least 24 hours prior to the following operations:
 - a. Spudding;
 - b. Running and cementing of all casing strings;
 - c. BOPE testing; or,
 - d. Reclamation of pad.
4. If this well is completed for production, a Notice of First Production via sundry notice (SN) will be submitted to the AO at the CFO no later than the 5th business day after any well begins production on which a royalty is due anywhere on the lease site, when any monies are allocated to the lease site, or such a well resumes production in the case of a well which has been off production for more than 90 days.

II. General Requirements:

1. The operator is entirely responsible for the actions of its contractors, subcontractors, and other agents. It is the operator's responsibility to ensure that all such parties are fully informed of their responsibilities and the possible consequences of noncompliance.
2. The operator will ensure that activities authorized by this APD comply with other applicable Federal, Tribal, State, and local laws, rules, and regulations.
3. This APD's approval does not warrant or certify that the operator holds legal or equitable title to any right or rights in the subject lease.

In addition, this APD's approval does not imply that the operator has legal access to the drilling location. When crossing private surface the operator will comply with all 43 CFR 3814 regulations and when crossing public surface off-lease the operator will have an approved right-of-way.

4. This APD is valid for 2 years from its approval date or until lease expiration, whichever occurs first. If activities have not commenced within that time this APD may be returned to the operator without prejudice.

Upon written request and prior to the approved APD's expiration, a one-time extension for up to 2 years may be granted at the AO's sole discretion.

5. Deviation from this approved APD must receive prior approval. If the operator wants to change its operations in any way it must first receive approval from the BLM and, if applicable, from NDOM or any other relevant parties.
6. Failure to comply with this APD's provisions, including but not limited to all applicable regulations, stipulations, and COAs, will be considered a violation possibly subject to any applicable civil and criminal enforcement provisions.
7. A complete copy of the approved APD, including all conditions, stipulations, exhibits, and any subsequently issued written instructions or orders from the AO, SMA, or other relevant parties will be maintained on the well site and be available for reference during all construction, drilling, production, reclamation, and abandonment operations.
8. As well as any site-specific Conditions of Approval (COAs), surface operations will follow the Surface Operating Standards and Guidelines for Oil and Gas Exploration (the Gold Book), and the Resource Program Best Management Practices contained in the Ely District Record of Decision and Approved Resource Management Plan.
9. All survey monuments found within the area of operations will be protected. Survey monuments include, but are not limited to, General Land Office and BLM Cadastral Survey Corners, reference corners, witness points, U. S. Coast and Geodetic benchmarks and triangulation stations, military control monuments, and recognizable civil public and private survey monuments.

In the event of obliteration or disturbance of any survey monuments, the incident must be immediately reported in writing to the AO.
10. During pad construction, all available topsoil will be salvaged and stockpiled separately from any other material. The topsoil will be seeded immediately with the attached interim seed mix in order to stabilize the stockpiled soil and help prevent the establishment of invasive and non-native weeds. An additional interim seeding may be required.
11. The speed limit on all access roads will be 25 mph or less.

12. Lighting sources will be shielded to lessen visual impacts and decrease the attraction to nocturnal animals.
13. The spud date will be reported orally to the AO and PET 24 HOURS PRIOR TO SPUDDING. This oral notification will be followed by submitting BLM Form 3160-21 stating actual spud date and time to the BLM.
14. A progress report will be filed a minimum of once per week beginning when the well is spud and continuing until well completion. This report may be submitted by mail, fax, or email.
15. The State of Nevada under NAC 522A.215 requires that cutting samples will be collected at a minimum of 30 foot intervals from the surface to the surface casing point, and at 10' intervals from the surface casing shoe to total depth. A minimum of two 15 milliliter sets of cuttings per sampling interval will be cleaned, dried, and placed in 3"x5" sample envelopes, properly identified and sent prepaid to the Nevada Bureau of Mines and Geology (NBMG), University of Nevada - Reno, Mail Stop 178, Reno, Nevada 89557-0088. You may contact (775) 784-6694 x 133 for more information.

Note: The cuttings are not to be sent to the Nevada State Division of Minerals (NDOM). The cuttings are due within 15 days of well completion. The operator will be responsible for the cost of any further handling of the samples by the NBMG required to meet any standards set forth in this APD.

16. Directional surveys (inclination and azimuth) will be run on the well wherever the inclination exceeds 10 degrees or the projected bottom hole location is within 200 feet of the spacing unit boundary or the lease or unit boundary.
17. Daily drilling and completion progress reports will be submitted to the PE and the CFO on a weekly basis and will include both daily mud reports and directional survey data.
18. Pursuant to 43 CFR 3162.7-1(b) production testing will be permitted only into test tanks. No hydrocarbons will be permitted into the reserve pit except in emergency situations.
19. If hydrogen sulfide (H₂S) is encountered, the amounts will be reported to the BLM. A H₂S Contingency Plan as outlined in Onshore Order No. 6 will be submitted if required by the AO.

However, minimum safety precautions must be taken at all times. Personal safety equipment, including a portable H₂S detector situated in a position to detect gas from the well and two or more OSHA-approved protective breathing apparatuses must be available on site.

If the operator's H₂S policy exceeds this requirement please supply the CFO with a copy of the relevant policy if it has not already been submitted.

20. Verbal notification may be given by the AO, if given at least 24 hours in advance of formation tests, BOPE tests, running and cementing casing (other than conductor casing), and drilling after lease expiration dates.
21. All BOPE tests of 5,000 psi or greater will be conducted by an independent contractor. Test charts and test results are to be submitted to the BLM PE or PET within 48 hours of BOPE test completion.
22. Two copies of all logs run on the well and one copy of the computed logs in electronic format such as LAS or PDF are to be submitted to the NDOM within 30 days of the logging date.
23. A complete set of daily drilling reports will be submitted upon well completion. These reports will include the spud date, casing information (e.g. size, grade, weight, hole size and setting depth), amount and type of cement used, top of cement, depth of cementing tools, casing test method, intervals tested, perforation information, any acidization or fracturing performed with the results obtained, and the dates on which all work was done.
24. A copy of the well completion report and all test information obtained from this well will be submitted within 30 days after the well completion.
25. No later than the fifth business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, the operator will notify the BLM by letter or SN of the date on which such production commenced.

The production date is defined as follows: the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility and for which a run ticket is required to be generated, or the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever occurs first.

If the operator intends to sell from a test tank, it will be calibrated as specified in Onshore Order Number 4, Part C, and sealed in accordance with Onshore Order Number 3. The operator may initially make any required notifications orally, but it will follow-up with a letter or SN as per 43 CFR 3162.4-1(c). As a minimum, any oral or written notice will provide the following information:

- a. Operator's name, address and telephone number;
 - b. Well name and number;
 - c. Well location;
 - d. Date was well placed in a production status;
 - e. The nature of the well's production (e.g., crude oil, natural gas); and,
 - f. Any applicable lease communitization or unitization numbers.
26. Upon well completion either for abandonment or production, a SN (BLM Form 3160-4) with details of the well completion procedure will be submitted and approved prior to commencing completion work if the procedures are not included in this APD.

27. If at any time the facilities located on public lands authorized by the lease terms are no longer included in the lease (e.g. due to a unitization agreement change or other lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental or other financial obligation determined by the AO.
28. Abandonment program approval will be obtained prior to plugging the well. Following an oral approval, a SN titled "Notice of Intent to Abandon" (NOI) will be submitted within five business days. Failure to obtain approval prior to commencement of abandonment operations will result in immediate assessment under 43 CFR 3163.1(b) (3).

Note: If no logs are run (mud or electric), all open sections of the hole will be filled with cement in a manner which precludes inter-zonal migration of fluids.

III. Informational Notice:

1. All submitted information not marked "CONFIDENTIAL INFORMATION" will be available for public inspection upon request. If a submittal is to be held confidential, each page will be so marked.